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Innovation is key to economic transition

Legislative support needed to enact vision to grow human capital

By Gov. Linda Lingle

The Honolulu Advertiser's June 1 editorial, "Bolstering economy in lean times will take vision," concluded with the idea that investment in "human capital" is a key part of the vision necessary to make the critical economic transition advocated in the editorial. I could not agree more.

Like all island economies, Hawai'i's has historically been buffeted by business cycles and economic events elsewhere — whether oil embargoes, terrorism and military conflicts, financial market turmoil and the like. What makes the 21st century economic environment even more challenging are the international linkages and interconnections that accelerate and amplify the impact of events on the global economy. As an example, the sub-prime lending meltdown in the United States has quickly affected housing prices and construction in Nairobi, Kenya.

For island economies such as Hawai'i's, our ability to compete and to adjust in this globally competitive and interconnected economy is not as a low-cost manufacturing center or as a financial center. Nor will we improve our competitiveness by depleting our abundant natural resources by over-developing our land. Hawai'i's current service economy is not the basis for a healthy 21st century global economy. We must compete and adjust to global trends through the innovative capacity of our people — our human capital — and foster their ability to develop new and better products, ideas, processes, services. In short, we must build on our people's capacity to innovate.

I recognized this issue several years ago, prior to the onset of the current economic slowdown. In my second-term inaugural speech in December 2006, while the economy was still strong, I outlined a vision for Hawai'i to make a fundamental shift from an economy over-dependent on land development to one driven by innovation and human capital.

I am happy to report that there has been significant progress since that vision was articulated. Despite limited state funding, with the support of NASA, several Hawai'i businesses and the military, student robotics programs have been enhanced and expanded so that more of Hawai'i's students have an opportunity to participate. Through incredible community support, and no state funding, 10 high school science and technology academies will be launched this fall. These programs will build our students' STEM (science, technology, engineering and math) education, a component of human capital recognized by national and international experts as critical for the 21st century.

We have also mobilized our state employees retirement system to consider funding Hawai'i's innovative ideas. We have established programs, such as the Music Entertainment Learning Experience to nurture and develop the commercial success of Hawai'i's creative human capital. And this year, despite no legislative funding, we will launch the Creativity Academies to complement the STEM academies as students pursue digital media and creative outlets.

The one area of disappointment is our lack of progress in investing in the human capital of Hawai'i's incumbent workforce. For years, we have advanced initiatives such as the Lifelong Learning Account, a means by which Hawai'i's existing workers are able to upgrade their skill-sets, develop or maintain their competitive edge as well as prepare for the challenges of new processes and technologies. Unfortunately, the Legislature did not pass these and other important workforce development initiatives.

This vision, a fundamental transition of Hawai'i's economy based on investment in human capital, is there. The vision has been articulated and is being acted upon. The time is now for legislative support to enact the vision that has been endorsed by the people of Hawai'i. I am happy to hear that the

business community concurs with our vision and I join The Advertiser in expressing confidence that, together, we can achieve it.

Gov. Linda Lingle wrote this commentary for The Advertiser.
